



JENNIFER M. GRANHOLM  
GOVERNOR


STATE OF MICHIGAN  
OFFICE OF THE STATE BUDGET  
LANSING

MARY A. LANNOYE  
DIRECTOR

April 14, 2006

MEMORANDUM

TO: Designated Contacts at All Accounting Offices

FROM: Laura J. Mester, Director   
Accounting and Financial Reporting Division  
Office of Financial Management

SUBJECT: Mid-year Capital Asset Reporting for Fiscal Year 2005-06

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We are continuing to implement a mid-year reporting process for selected capital assets and leases, and imposing a September 15 cut-off for reporting these activities at year-end.

Mid-year reporting package

The mid-year reporting package will follow the same process that we have used previously. The attached electronic files in the e-mail sent to you from Jane Hallitt are inventories of the real property (land and buildings) and leases for which your agency/facility is responsible. Please update these inventories for activities occurring between October 1, 2005 and March 31, 2006. Around August 15, 2006, we will provide an updated inventory and ask that you update it for activities occurring between April 1 and September 15. As a reminder, only those purchases meeting the State's capitalization limits need to be reported to OFM. Infrastructure and equipment related items will only be updated at year-end.

September 15 Cut-off

When completing the year-end reporting package, we will only include capitalized asset purchases and new leases that occurred between April 1 and September 15. If significant purchases or new leases agreements occur between September 15 and September 30, you will report them as part of the year-end closing checklist that you process through your agency liaison. We will decide whether to update the year-end records or reflect the activity in the next fiscal year.

Deadlines for submitting the completed reporting packages follow:

	Mid-year Package	Year-end Package
<b>Reporting Package 1 - Real Property:</b>		
Reports listing real property (land & buildings) with changes	5/15/06	9/18/06
Real Property Certification Statement	5/15/06	9/18/06
<b>Reporting Package 2 - Lease Obligations:</b>		
Reports listing leases not entered into by DMB, Real Estate Division (capital & operating)	5/15/06	9/18/06
Lease Obligations Certification Statement	5/15/06	9/18/06
<b>Reporting Package 3 - Equipment:</b>		
Reporting Form		10/2/06
Equipment Certification Statement		10/2/06
<b>Reporting Package 4 – Infrastructure:</b>		
Questionnaire		10/31/06
Infrastructure Certification Statement		10/31/06
<b>Reporting Package 5 – All Other Assets:</b>		
Questionnaire		9/18/06
Other Assets Certification Statement		9/18/06

The following forms may be necessary for completion of the mid-year reporting packages. These forms, instructions for completing them, and other guidance can be found in Chapter 21 of the FMG on the OFM home page at: <http://www.michigan.gov/budget> - On the left side of the screen, click on “Office of Financial Management” and then click on “Policies and Procedures,” then in the middle of the screen, click on “Financial Management Guide”, and then click on “Part II (Accounting & Financial Reporting Policies)”, click on “Chapter 21”.

<u>Form Number</u>	<u>Description</u>	<u>Chapter 21 Location</u>
A-847	Land/Land Improvements Update	Section 200, Exhibit A
A-848	Building/Building Renovations Update	Section 200, Exhibit B
A-883	Certification Forms for Land or Buildings	Section 200, Exhibit B
A-846	Equipment Lease Questionnaire Form	Section 700, Exhibit A
A-884	Certification Form for Leases	Section 700, Exhibit A

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Also, a query provided in the e-mail from Jane Hallitt, by FACS agency, fund, and comptroller object code, which identifies total expenditures charged to capitalized purchase object codes. We ask that you compare this query to the amount of capital assets that you have listed as "additions" to ensure that you have included all applicable purchases in our capital asset inventory.

If your agency/facility has no changes to report, you may return the certification electronically. If your agency/facility has changes to report, please identify them on the hard copy of the report(s) and submit them to OFM, 7<sup>th</sup> Floor Romney Building or to the address on the letterhead.

Any questions regarding the enclosed reporting packages or other matters pertaining to capital assets or lease obligations should be directed to Ms. Jane Hallitt at (517) 335-1618 or Hallittj@michigan.gov in OFM's Accounting and Financial Reporting Division.

Governmental Accounting Standards Board (GASB) Statement Number 42 - Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries establishes guidance for accounting and reporting for the impairment of capital assets (excluding inexhaustible assets and assets under the modified approach in certain instances) and for insurance recoveries. This statement applies to any impaired capital assets effective October 1, 2005. OFM will be providing all accounting offices a memorandum on this topic sometime this spring.

Thank you for your assistance with this matter.

Attachments by e-mail